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VIA ELECTRONIC FILING **Docket #WMP-Guidelines**

Forest Kaser, Director
Office of Energy Infrastructure Safety
California Natural Resources Agency
715 P Street, 20th Floor
Sacramento, CA 95814

RE: San Diego Gas & Electric Company's Comments and Responses on the Public Workshop on Senate Bill 254 Implementation

Dear Director Forest Kaser:

San Diego Gas & Electric (SDG&E or Company) hereby provides responses to the questions raised by the California Public Utilities Commission (CPUC) and Office of Energy Infrastructure Safety (Energy Safety) during the public workshop held on July 30, 2026 regarding the implementation of Senate Bill 254 (SB 254). SDG&E also provides comments on certain topics discussed during the workshop. The workshop addressed pre-submitted topics and questions from the public regarding Senate Bill 254 implementation in the following categories:

- Wildfire Mitigation Plan (WMP) submissions,
- Commission rulemakings and processes (*e.g.*, General Rate Cases, Risk Assessment Mitigation Phases, etc.),
- Energy Safety Guidelines, and
- Other related topics.

I. RESPONSES TO CPUC AND ENERGY SAFETY QUESTIONS

1. What makes preparing a redlined version of the WMP difficult? What technological approaches would make it easier?

While SDG&E does not support redlining, it recognizes that implementation is technically achievable.

2. Do stakeholders have thoughts about what the CPUC should consider, if anything, to make sure that any flexibility provided in GRCs does not impede Energy Safety's ability to hold the utilities accountable?

Existing accountability mechanisms are sufficient to ensure that GRC flexibility does not impede oversight. Electrical Corporations (ECs) should retain the ability to adjust resources as circumstances change, provided they continue to meet approved WMP objectives, deliver expected risk reduction and transparently report material changes. Energy Safety, Independent Evaluators and CPUC audit and enforcement processes already provide the necessary tools to monitor compliance and hold ECs accountable.

3. How will utilities prepare for potential revenue uncertainty during the test year/first year of WMP period? What interim relief, or other accounts, could be used? Are there other uncertainties utilities face?

Typically, the CPUC authorizes a utility to establish a GRC memorandum account (GRCMA) to enable an effective date of the final CPUC GRC decision to retroactively be January 1 of the test year, regardless of when a final decision is approved. Specifically, this account records the difference between the revenue requirement in effect on January 1 of the test year and the final revenue requirement adopted by the CPUC in a final GRC decision. The utility then collects the accumulated cost difference over a set period of time. This mechanism does not prejudice the stakeholders (*e.g.*, utility, customers) as a result of a late decision. While this memorandum account allows for the utility, in the end, to collect its authorized revenues, it does not mitigate the uncertainty surrounding a late decision before it arrives.

Most wildfire mitigation work, including capital projects, are planned years ahead of when the project or activity is completed. It is very difficult to manage programs when there is uncertainty around what will be authorized. The risk lies with the utility to balance the risk reduction, work in the queue, and potential recovery of costs.

SDG&E's 2024 GRC decision was adopted by the CPUC in December of the test year. This means that SDG&E had to operate for 12 months not knowing what the CPUC was going to authorize. This also means that the operational and financial decisions made in 2024 were not informed by the GRC authorized funding. To the extent a utility overspends authorized revenue requirement due to late decisions, a utility will likely pull back on future spending to stay within the authorized revenue for the four-year GRC cycle.

Accordingly, utilities should not be penalized for delays in a late decision. OEIS should exercise reasonable discretion and leniency when a GRC decision is issued in the test year or later. Depending on the CPUC's adopted GRC Decision, a utility may need to file a Petition to Amend its WMP. It is critical for such a petition to be processed expeditiously to establish clear targets for the rest of the GRC cycle. One reason this is important is because the utility may have reduced timelines to meet the established targets or may need to update the targets to align with the adopted GRC funding for the remainder of the GRC cycle. If a late decision is issued, OEIS should provide a bridge period to allow time for the utility to update, establish, or comply with WMP targets.

Late GRC decisions pose challenges for various reasons, including that it is harmful for customers. As a rate smoothing mechanism, SDG&E is supportive of interim relief when a GRC scoping memo indicates that a final CPUC decision will be issued into the test year.

4. What circumstances do utilities see as leading to a delayed GRC filing? Note that a late WMP Decision should not delay a GRC filing.

Utilities must file GRC Applications on May 15 two years prior to the test year. To the extent unforeseen items are required to be reflected in the GRC filing, such as new laws or CPUC directives (i.e., decisions or rulings), additional time to implement in the GRC may be needed. For example, SDG&E was recently granted a 30-day extension on filing its Test Year 2028 GRC Application due to a variety of colliding factors including concurrent proceedings and newly adopted CPUC requirements impacting staffing and other resources also working on the GRC.

5. What inefficiencies have stakeholders observed in Energy Safety and CPUC reports and reviews?

In July of 2026, the Electrical Corporations met with Energy Safety to discuss opportunities to improve data accuracy, completeness and reporting efficiency. Representatives from Energy Safety's Electrical Policy Division, Performance Assessment Division, Environmental Science Division, Electrical Undergrounding and Culture Division and Data Analytics Division participated in a productive discussion focused on data streamlining and process improvements. Among the various issues discussed, the EC's noted that extending the Quarterly Data Report (QDR) reporting period would help improve data accuracy, completeness, and reduce the frequency of data revisions. SDG&E believes that continuing this collaborative dialogue would be beneficial to further identify opportunities to enhance data quality, reduce administrative burden, and improve the efficiency and effectiveness of the reporting process.

6. What information do stakeholders think would be beneficial for CPUC decision-makers to understand to help ensure CPUC's decision on WMP work is evident and clearly communicated to Energy Safety? What outcomes or structures do utilities need to support their Revised WMP filing?

SDG&E does not take a position on what the CPUC will find beneficial for GRC decision-making. That said, there is not a clear connection between authorized revenue and work authorized at the mitigation level, especially in the post-test year period. As part of the GRC process, the CPUC conducts a detailed, program level review of activities to determine authorized GRC funding for the test year. However, the GRC final decision adopts a test year revenue requirement for the entire company. In other words, the authorized revenue requirement is not calculated for wildfire mitigation programs only or by program. For the post-test year period (the three years after the test year), the long-standing practice of the CPUC is to authorize a post-test year mechanism which is an escalation-based formula typically calculated for the entire company, with limited exceptions. That formula is critical for determining the amount of work a utility will perform. If the formula is not set correctly, it may not provide enough revenue for the expected work. It is critical for CPUC decision-makers to set a post-test year mechanism commensurate with the work required. It may be helpful for the CPUC to clarify in GRC Decisions the authorized revenues for wildfire mitigation work per year.

7. Regarding wildfire initiative expenditures: What additional requirements do stakeholders think should be imposed related to expenditure changes for wildfire initiatives?

SDG&E does not propose any additional requirements at this time, as the existing reporting processes, including the Annual Implementation Report (AIR) submitted to OEIS and the Risk Spending Accountability Report (RSAR) submitted to the CPUC, are more than sufficient. However, SDG&E looks forward to reviewing any proposals advanced by other parties.

8. Regarding wildfire initiative expenditures: Do stakeholders think there are data management issues or reporting requirements that would make costs easier to track to the mitigation activity? Is already enough data to ensure the revenue required to implement the WMP is not diverted to other activities? Is there value in a 1-to-1 relationship between GRC funding-to-WMP activity? Could this type of requirement potentially be addressed by Staff Resolution?

Reporting requirement and data management issues arise when utilities are asked to report on activities that are not separately tracked in their accounting systems. Additionally, when initiatives change out of cycle with the GRC, it is difficult for utilities, who plan and start accounting for projects years in advance, to change course. Lastly, as addressed in question 6, the CPUC does not authorize costs at the project or program level.

While the GRC does not authorize revenues at a project or program level, SDG&E calculates the WMP related revenue requirement for purposes of recording authorized revenue in the WMPMA. The WMPMA was established to track costs related to the implementation of the WMP. Its balance reflects the costs net of the revenue requirement authorized in the GRC. Please note that this WMPMA revenue requirement is calculated by SDG&E and is not specifically provided in the final GRC decision.

The balance of the WMPMA is publicly reported annually in the Risk Spending Accountability Report (RSAR). Additionally, the RSAR contains actual and authorized spending, unit information, and status by workpaper level for GRC cycle-to-date direct capital and operations and maintenance expenditures. The RSAR is reviewed annually by Energy Division and stakeholders have an opportunity to comment on the report. Accordingly, there is ample existing reporting to ensure that wildfire revenues are not diverted outside of wildfire mitigation, consistent with Public Utilities Code Section 8386.3.

Because the GRC final decision does not typically provide revenue requirement for each wildfire mitigation activity, there is not a 1-to-1 relationship between GRC funding-to-WMP activity. Breaking down the wildfire mitigation revenue requirement into programs is a complex endeavor due to the ratemaking elements, such as tax and depreciation. To the extent a revenue requirement breakdown by wildfire mitigation program is desired, it would need to be separately calculated, which should be addressed through a GRC proceeding rather than delegated to staff through a resolution.

9. Regarding wildfire initiative expenditures: What requirements, other than auditing, do stakeholders have in mind that would ensure authorized WMP revenue requirements are not diverted to other purposes?

No additional requirements are necessary. Utilities are expressly prohibited from diverting revenues authorized for WMP to other areas. The CPUC's existing framework is comprehensive and includes annual reporting requirements, multiple layers of oversight, and tracking of costs in the WMPMA.

10. Regarding wildfire initiative expenditures: What would be an effective procedural way to create a consequence for utilities who incorrectly record costs or reallocation of WMP authorized funds?

No additional procedural mechanism is necessary. The improper recovery of costs or reallocation of WMP authorized funds is already addressed through existing statutory and regulatory requirements. Utilities are obligated to comply with Commission-approved funding authorizations and established audit, compliance and enforcement processes provide mechanisms to identify and address any instance of noncompliance. Additionally, Rule 1 of the CPUC's Rules of Practice and Procedure prohibits misleading statements to the Commission and authorizes enforcement actions when violations occur. Accordingly, existing oversight and enforcement tools are sufficient to deter and remedy improper cost recording or unauthorized fund reallocations. SDG&E also notes that the recording of costs should not be the focus, but rather when a utility seeks cost recovery in a regulatory filing or when costs are adopted by the CPUC.

11. How do ECs propose to clarify for the CPUC the impact a proposed settlement agreement or a proposed decision will have on a WMP? Assuming Energy Safety is to make a ministerial decision on whether to approve a revised WMP subsequent to a GRC decision, how is it proposed to make clear in the record of a GRC proceeding the impact of a given GRC decision on the WMP?

The submission of a settlement agreement by itself would not impact a WMP. A GRC proposed decision recommending adoption of wildfire mitigation costs, including approval of a proposed settlement agreement, may impact the WMP. To aid the CPUC and OEIS in determining how a proposed decision will impact a WMP, utilities should be permitted to include an appendix to its GRC comments on a proposed decision describing the WMP impacts. This information may help the CPUC and OEIS prior to finalizing and adopting a final GRC decision. Further, as discussed in the response to Question 3, the Petition to Amend process should be expeditiously utilized to align WMP targets with GRC authorized funding.

II. COMMENTS ON TOPICS DISCUSSED DURING THE WORKSHOP

1. Cost Per Avoided Ignition Calculation

SDG&E continues to argue that there may be some academic merit in comparing the effectiveness of reducing utility involved ignitions as compared to non-utility ignitions from a statewide perspective, but this type of metric will potentially have limited use in utility decision making unless it is paired with ignition consequence values in some form[1]. Additionally, prescribing too much granularity in measuring potential ignitions may mean that asset or segment level views have a near-zero ignition rate, giving the impression of a substantially inflated cost per avoided ignition. SDG&E continues to recommend that Energy Safety develop this metric through a more thorough stakeholder process to define the purpose and application before finalizing the methodology. In the meantime, SDG&E comments on the merits of the metric below.

The cost per avoided ignition metric is an analytically flawed method for evaluating the reasonableness or cost-effectiveness of long-term wildfire mitigation investments such as of Strategic Undergrounding (SUG) and Covered Conductor (CC) as well as operational risk mitigation programs such as asset inspections and proactive Public Safety Power Shutoff (PSPS) operations during extreme fire weather conditions. The metric treats all ignitions equally, even though the consequences of ignitions vary significantly depending on factors such as terrain, vegetation, and wind conditions. An ignition in a low-risk location is not comparable to one in a remote, fuel-rich area exposed to extreme winds where catastrophic wildfire potential is much greater.

Wildfire mitigation decisions are based on risk reduction, not just reducing the number of ignitions. Prioritization is with the highest wildfire risk and consideration is given to vegetation exposure, maximum wind speeds and potential consequences of an ignition. The cost per avoided ignition metric ignores these risk differences and therefore fails to measure the true value of wildfire mitigation investments. The metric also fails to include important reductions in reliability risk provided by SUG and CC, including reduced frequency and duration of PSPS events, improved system reliability and resilience, reduced need for protective device settings that can affect customers service and long-term reduction of wildfire risk over the life of the assets.

The proper comparison for wildfire mitigation activities is between the total costs of implementing and sustaining mitigation measures and the wildfire and PSPS risk they avoid, including the potential financial and societal consequences of catastrophic events. Those consequences include loss of life, destruction of homes and businesses, environmental damage, and extended outages. As a result, evaluating wildfire mitigation programs using a cost-per-avoided-ignition metric can produce misleading conclusions because it does not consider the

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[1] April 1, 2026 Bear Valley Electric Service, Inc, Liberty Utilities, Pacific Gas and Electric, PacifiCorp, San Diego Gas & Electric and Southern California Edison Company's Comments on the Public Workshop on WMP SB 254 Implementation.

severity of the wildfire consequences being avoided and therefore materially undervalues the risk-reduction benefits of these investments.

III. CONCLUSION

SDG&E thanks the CPUC and Energy Safety for hosting the workshop and respectfully requests that it take these responses and comments into consideration when making any final decisions regarding the implementation of SB 254.

Respectfully submitted,

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